

EXHIBIT 5

Business

Vaping Emerges from a Cloud

September 16, 2020, 7:30 AM CDT

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NetworkNewsWire Editorial Coverage

PR Newswire

NEW YORK, Sept. 16, 2020

NEW YORK, Sept. 16, 2020 /PRNewswire/ -- With the global e-cigarette and vape market expected to exceed \$59 billion by 2027, the vaping industry appears to have weathered a cloud of scrutiny and is emerging better regulated and even stronger. Much of that growth stems from an increasing awareness of the advantages of consuming smokeless and ashless nicotine, backed up with growing studies. Although larger tobacco companies control a large share of the global e-cigarette and vape market, smaller elite players such as Kaival Brands Innovations Group Inc. (OTCQB: KAVL) (KAVL Profile) are making their presence felt in a space where innovation and compliance are essential factors for success. Kaival Brands is the sole distributor of Bidi(TM) Stick, an innovative nicotine vaping device designed to provide adult smokers with a premium vaping experience. Philip Morris International Inc (NYSE: PM) has launched a next-generation, e-vapor product platform called IQOS MESH. Imperial Brands (OTC: IMBBY) is focusing on providing a portfolio of high-quality, next-generation products that are potentially less harmful than combustible cigarettes, including its pioneering vapor brand, blu. British American Tobacco Industries (NYSE: BTI) has welcomed the FDA guidance as a further step toward a sustainable regulatory environment for the U.S. vapor market. And Turning Point Brands (NYSE: TPB) has focused on operating its vaping business at smaller but still profitable levels.

- * Global market projected to more than triple in size, reaching \$59.3 billion by 2027.
- * The exclusive distributor of the Bidi Stick, Kaival Brands has developed national distribution channels with future growth in mind.
- * Kaival's impressive financial performance appears to solidly position the elite newcomer as a dominant player offering premium products.

[Click here](#) to view the custom infographic of the Kaival Brands Innovations Group Inc. (OTCQB: KAVL) editorial.

Marketing Gaining Traction

A recent report noted that the global market for e-cigarettes, estimated to reach \$16.9 billion in 2020, is projected to more than triple in size, reaching \$59.3 billion by 2027. Those numbers, indicating a CAGR of 19.6% during the next seven years, include double-digit growth in all the main e-cigarette markets, including the United States, China, Japan, Canada, and Germany.

A Grandview Research report overview also anticipated substantial growth in the market, actually forecasting CAGR growth of 23.8% over the same period. "The market is expected to gain traction over the forecast period, owing to increasing product demand from millennials," the report notes. "The availability of a variety of e-cigarette options is anticipated to further fuel product adoption."

The report goes on to note that "large tobacco companies have flourished by

introducing these devices through various brands that cater to different requirements, thereby enhancing the product quality and level of customization. Moreover, emerging e-cigarette technologies, such as pod systems and squonk mods have increased its popularity in recent years."

Companies, both large and small, offering innovation in this expanding market could make huge strides in distinguishing themselves from the competition.

Future Growth in Mind

Kaival Brands Innovations Group Inc. (OTCQB: KAVL) is focused on growing and incubating innovative and profitable products into mature, dominant brands – exactly what's needed to capture significant market share in the burgeoning vaping sector. The exclusive distributor of the Bidi Stick, Kaival Brands has developed solid national distribution channels with future growth in mind. Consequently, the company's products are currently available in thousands of retail and convenience store locations nationwide.

"We are proud to announce that Bidi Sticks can now be found nationally in over 850 retail stores, like Fas Mart and SprintMart, owned by GPM Investments LLC in addition to over 2,200 current Circle K convenience stores, and we expect in the coming months for our distribution to expand potentially into thousands more retailers and convenience chains," said Kaival president and CEO Niraj Patel. "Bidi Sticks can also be purchased online for in-person delivery from any goPuff.com facility that has the ability to sell Bidi Sticks legally with proper age-verification gates within that state or municipality."

The company isn't letting international borders stop them either. "Internationally, we also recently shipped an initial order valued at approximately \$166,000 to Ambros Inc., a company located in Guam that is the exclusive distributor of Johnson & Johnson and Budweiser products to all retailers located in Guam," Patel continued. "The Bidi Stick will be the only vaping device offered by Ambros Inc. to their customers and retailers."

Dominant Player, Premium Product

In addition to reporting notable distribution reach, Kaival's impressive financial performance appears to solidly position the elite newcomer as a dominant player offering premium products in the vaping sector. The company just released its financial results Q3 2020. Reported highlights include the following eye-popping numbers:

- * Revenues for quarter ending July 31, 2020, totaled approximately \$32.4 million, compared to \$0 in the same period of the prior fiscal year.
- * Gross profit for the third quarter of fiscal 2020 was approximately \$4.4 million, compared to \$0 for Q3 2019..
- * Total operating expenses were approximately \$1.5 million in the third quarter of fiscal 2020, compared to approximately \$27,000 in the same period of the prior fiscal year.
- * Net income reached an estimated \$2.6 million, compared to net loss of approximately \$27,000 for the prior year period.
- * Cash balance at July 31, 2020, was approximately \$2.7 million, compared to \$0 at Oct. 31, 2019.

The company credits much of its financial growth to the popular Bidi Stick. "We had an extremely busy and fruitful third fiscal quarter," said Patel. "We experienced a rising demand for our exclusively distributed premium product, the Bidi Stick. We have seen an increase in sales of almost 44% from the previous quarter, with our sales growth occurring mostly organically through smaller distribution channels and wholesalers. Now in the fourth fiscal quarter, we are focused on expanding our distribution into large national retailers and convenience chains."

A Nicotine Experience for Today

Explosive sales of the Bidi Stick are a testament to the ideal system designed for vaping in today's world. The high-quality product is a one-time use, closed-system, disposable vaping device that is tamper proof and recyclable. Available in 11 flavors, the innovative product is made from high-quality components, including a long-lasting battery and class A nicotine. Product engineering also includes a sensitivity control system, along with a proven mechanism designed to help identify and eliminate counterfeit products.

At a time when vaping is under close scrutiny, the Bidi Stick is only marketed to adult smokers and is intended as an alternative to cigarette smoking. Specifically, the product is designed to provide adult smokers an option that offers nicotine satisfaction while reducing daily urges for nicotine.

From packaging design to marketing strategies to distribution policies, Bidi Vapor(TM), the manufacturer of the Bidi Stick, is committed to strict compliance to government regulations. As part of that compliance process, Bidi Vapor products are sold primarily through national convenience stores as well as online exclusively on Bidi Vapor's website and the digital convenience store, GoPuff.

Bidi Vapor requires its retail partners to sign a retailer pledge that confirms their commitment in making sure that their customers provide a valid government-issued identification to prove age eligibility. For online customers, Bidi Vapor follows a strict age-verification process to ensure that only customers 21 years of age and older can purchase the product. The customers' age and identity is verified by a third-party AgeChecker.om, which uses multiple databases to confirm people's IDs. As another layer of confirmation, Bidi Vapor calls customers within 24 hours upon the purchase transaction to verify their age and the eligibility of the transaction. And finally, upon delivery of product, Bidi Vapor requires a valid identification with the customers' signature.

The vaping industry has undergone much needed reform. New regulations have limited access to minors, pushed out bad actors, and returned focus to delivering vaping products as an alternative to smoking tobacco. The industry has not only stabilized, it is growing. Investors can now look to rapidly growing companies in the sector for potential outsized market returns.

Industry Heating Up

With an industry set to heat up significantly, Kaival Brands isn't the only company leveraging for position in the promising space.

Philip Morris International Inc. (NYSE: PM) is working to replace cigarettes with smoke-free products designed to create a nicotine-containing tobacco vapor, without burning and smoke. The company is focusing its efforts on its next-generation, e-vapor product platform – IQOS MESH – which features a heating technology that is completely new to e-vapor generation. The IQOS MESH uses a metallic mesh punctured with tiny holes to heat a prefilled, presealed e-liquid cap (called VEEV) that contains nicotine and flavors. Each VEEV cap contains a new MESH heater, which eliminates the need to manually replace it. The consumer activates the heating process by pressing on a button, heating up the e-liquid to generate a nicotine-containing vapor.

Imperial Brands (OTC: IMBBY) subsidiary Fontem US LLC (Fontem US) announced that it has submitted Premarket Tobacco Product Applications (PMTAs) to the U.S. Food and Drug Administration (FDA) seeking authorization for the continued marketing of a wide range of its my blu electronic vaping products. Fontem US's blu products play a fundamental role in the company's goal of providing adult smokers with options that are potentially less harmful than combustible tobacco products.

British American Tobacco Industries (NYSE: BTI) publicly welcomed FDA

regulation and guidance in the vaping industry as a further step toward building a sustainable regulatory environment, noting the company stands ready to comply with new guidelines. "Yesterday's announcement takes us a step closer to a predictable regulatory environment in a key marketplace, but focus must now shift to enforcement to ensure vapour market regulations are effective," stated British American Tobacco CEO Jack Bowles. "We have long said it is not the marketing of these products per se that is the concern, it is the irresponsible marketing of them that should be robustly addressed. For us, smart regulatory frameworks partnered with responsible marketing and appropriate enforcement will ensure the sustainability of adult consumer choice across all categories."

Turning Point Brands (NYSE: TPB) reacted quickly to concerns about the vaping industry, consolidating its vaping business and cutting companywide headcount by more than 10%. "Fourth quarter 2019 was a solid quarter for our core tobacco segment and an important transition period for our NewGen segment," said Turning Point Brands president and CEO Larry Wexler. "Our ambition continues to focus on creating value for our shareholders by delivering quality products to satisfy the evolving preferences of consumers in the actives market."

As innovative companies look to bring new nicotine options to adult smokers, those consumers appear ready to reward efforts made to offer safer, smokeless products. With predicted double-digit growth on the horizon, investors may also benefit from innovation in the e-cigarette and vaping space.

For more information about Kaival Brands, please visit Kaival Brands Innovations Group Inc. (OTCQB: KAVL) .

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Corporate Communications Contact:

NetworkNewsWire (NNW) New York, New York www.NetworkNewsWire.com
212.418.1217 Office Editor@NetworkNewsWire.com

Media Contact:

FN Media Group, LLC NNW@FinancialNewsMedia.com +1-(954)345-0611

Contact:

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